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CENTRAL INTELLIGENCE AGENCY

WASHINGTON 25, D. C.

OFFICE OF THE DEPUTY DIRECTOR (INTELLIGENCE)

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MEMORANDUM FOR: Deputy Under Secretary of State for Economic Affairs

SUBJECT: Technical Notes on US-Polish Trade Talks

1. The Polish [redacted] grain import requirements for the period through June 1958 as:

1.4 million metric tons to cover domestic consumption deficit

1.0 million metric tons to meet their stockpile requirement "to reduce" or "eliminate" (both terms used by Poles) compulsory deliveries of grain

2.4 million metric tons of grain.

The above grain import requirement for domestic consumption of 1.4 million metric tons seems inflated if it represents an annual requirement. It is 15-20 percent over recent annual grain imports and exceeds planned grain imports for 1958 through 1960. Thus, we may assume that the total grain import requirement of 2.4 million tons is on the high side.

2. Poland has already contracted for delivery of 1.8 million tons of grain by mid-1958. The present proposal to incorporate 500,000 tons of grain in the U.S. loan package would place Poland in a position to eliminate compulsory deliveries, if it chose, on the basis of the stated requirements and the present level of import contracts.

3. Polish grain imports for recent years have shown a consistent level at 1 - 1.2 million metric tons annually. We anticipate that this level will be maintained through 1960.

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Poland, Grain Imports 1953-1960*

(000 metric tons)

1953	207.6	
1954	1,219.5	
1955	1,191.3	
1955/56	945.0	
1956/57 (Plan)	1,400.0	
1958 (Plan)	1,000.0	(Approx.)
1959 (Plan)	1,000.0	(Approx.)
1960 (Plan)	990.0	

* Poland was a net exporter of grain from 1949-1952.

Should the Polish administration find that the peasants deliver the state's urban requirements for grain promptly under a free delivery or reduced compulsory delivery system, the 1 million ton stockpile may be partially drawn down in 1959-60. To the extent that Poland is capable of providing satisfactory production incentives to peasants and of providing animal feed concentrates (high protein feeds to supplement grain), it should be possible to increase animal product exports enough to defray the cost of grain imports.

4. Polish domestic procurement of grain employs 3 channels: 1) compulsory delivery at fixed prices, 2) contract deliveries from peasants at a negotiated higher price, and 3) free market procurement at prices approximately equal to average prices on contract deliveries. The absolute level of compulsory delivery of grain and the share of total state procurement of grain obtained from compulsory deliveries is contained in the table below:

Compulsory Grain Deliveries in Poland, 1954-57

	<u>Million Metric Tons</u>	<u>Percent of State Purchases in the Form of Compulsory Deliveries</u>
1954	2.3	89.2
1955	2.1	76.2
1956	2.1	75.0
1957 (Plan)	1.47	48.3

5. Although the Poles claim that an announcement on compulsory delivery levels for 1957-58 must be made by June of this year, past experience indicates a more flexible deadline is possible. Compulsory delivery quotas for

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the 1953-54 crop year (and to continue through 1954-55) were announced in September 1953. No subsequent announcement of compulsory delivery levies was made until November 1955 at which time it was indicated that the 1953-54 levies would be continued through the 1955-56 crop year. Announcement for the 1956-57 season was not made until January 1957. This announcement was delayed because of the uncertainty generated by the change of Polish administration in the autumn and early winter of 1956. Peasant production plans would almost certainly not be crystallized before July or August because the Polish grain crop consists of winter rye and wheat which is seeded in late summer and early autumn and harvested the following late spring and early summer.


ROBERT AMORY, JR. |

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